

Explanatory Notes on the Financial Report

The overdraft of \$ 292.03 represents checks drawn December 24th for office expenses, Christmas bonuses (several of these have since been returned) and refunds to the colleges on the General Electric News Service Charge. We have asked all colleges to delay cashing these checks until sufficient funds are on deposit to cover them.

The Withholding tax was withheld by IBS from the salaries of employees and is due to the government for the income tax of the employees. IBS is a non-profit corporation and exempt from corporate income taxes.

The preliminary balance sheet shows where all IBS money was spent up to December 28, 1945. The IBS fiscal year ends December 31, but the final balance sheet cannot be drawn up until all checks drawn in 1945 are cleared through the bank. There will not be any major difference, however, between the preliminary and the final sheets.

The categories are standard ones used by all bookkeepers except the items from "Subscriptions" through "Radio Parts" which are known collectively as "General expenses". The proposed budget allows \$50 a month for general expenses, which are all expenses incurred in the organization except those connected with running the office.

During the first part of 1945, IBS received the gross income on advertising contracts and paid out the shares to IBSR and the colleges. The item "IBSR commission" is their usual 15%. In July this arrangement was discontinued, and IBS now receives only its share of the income.

The office rent and telephone are shared by IBS and IBSR, as are many of the small office expenses. In the past it has been customary to add these items together and pay the result. While this is convenient, it makes the books show that we paid no rent after July. Actually, IBSR's share of the office expenses was more than our share of the rent, so they paid us the difference. This confusion will be avoided from now on.

We now have sufficient funds on deposit to cover the General Electric News Service charge refunds, so you may cash or deposit your checks.

Dave Linton

